

‘Needs’ Exceed Funding

PROBLEM STATEMENT

In Washington, the public sector spends close to \$4 billion annually providing roads, ferries, and transit services. Despite this level of spending, all levels of government have identified transportation needs far in excess of their existing and projected levels of funding. According to the Washington State Department of Transportation’s most recent state transportation plan, Washington has over \$50 billion in unfunded transportation needs over the next twenty years. To fund these needs would require a two-thirds increase in public transportation spending. The current update of the state transportation plan will likely show even higher levels of needed investments in streets, roads, highways, transit, ferries, and freight mobility.

While many people want government to improve the maintenance of the road system and make road and transit investments to relieve congestion, there is less support for the increases in taxes and fees necessary to fund a two thirds increase in transportation spending. In addition, some are skeptical as to whether all of the identified “needs” represent cost-effective investments. Jurisdictions do not share common definitions of needs and service objectives. Since few “needs” have been subject to rigorous analysis of their cost-effectiveness, it is difficult to know whether substantial increases in public spending would generate benefits in excess of their costs.

PROPOSED SOLUTIONS

There are several broad strategies for closing the gap between needs and funding:

- **Increase funding:** More revenue is one way to narrow the gap between needs and funding. See separate papers existing and new sources of revenue.
- **Constrain plans to available resources:** The federal government now requires states and metropolitan planning organizations to develop plans within their existing and probable future funding. While requiring jurisdictions to “live within their current budget” is one approach to reducing the need, many people are unhappy with the congestion and poor quality of the transportation system that will result from maintaining current funding levels and investment practices.
- **Improve the process for identifying and funding the most cost-effective investments:** Applying better and more consistent analytic practices such as benefit-cost analysis to all transportation investments at all levels of government could help separate needs from wants.
- **Strengthen the link between user fees and the actual costs of providing transportation services:** Greater reliance on direct user fees for roads (tolls) and transit use (fares) could help close the gap between needs and funding. Setting user fees to cover the actual cost of providing transportation service on a specific facility helps reduce demand, generates revenue, and provides guidance on the best investments for the future.

- **Consolidate planning and funding processes:** The current system of governance and funding is fragmented which makes it difficult to identify, fund, and implement the most cost-effective transportation solutions. See the paper on governance for more discussion of this issue.

EVALUATION

Proposed approaches to closing the gap between needs and funding will be evaluated on the following criteria:

- Cost effectiveness
- Ability to produce a measurable change
- Acceptability to the public
- Administrative feasibility